

**JULY 16-17, 1998
MEETING
SUMMARY**

Draft
BDAC MEETING SUMMARY
JULY 16 & 17, 1998
OAKLAND AIRPORT HILTON, OAKLAND

MEETING OUTCOMES

- There is disagreement among BDAC members on the role of new storage and water use efficiency in the CALFED Program. Some believe one or the other is needed to some degree; others do not. There is also disagreement on how storage and conveyance facilities should be financed.
- A balanced financing plan is needed to help address the different interests involved in the CALFED process. The plan should explain the use and purpose of a water user fee and public funds. Also, acceptable approaches for addressing past environmental impacts and financing the common program, storage and conveyance need to be developed and discussed further.
- Greater quantification of goals and expectations of the Water Use Efficiency and Water Quality programs is needed.
- The greatest benefits of the CALFED Program to urban and business interests are improved water quality, increased reliability, and a healthy environment to ensure a good quality of life in their communities.
- Further BDAC discussion on ecosystem restoration performance indicators and quantifiable objectives is needed.

THURSDAY, JULY 16

1. Chair's Report (Sunne McPeak)

Vice Chair Sunne McPeak opened the meeting at 9:05 am and announced that Chair Mike Madigan was away on business and would not arrive at the meeting until July 17. She then introduced Secretary of Interior Bruce Babbitt.

Remarks from Public Officials

Mr. Babbitt announced that the federal agencies are working as a unit, are engaged in CALFED and are available to help the CALFED community work through the issues that need to be addressed and resolved. He stated that CALFED needs as much public engagement as possible, that the issues need to remain within the CALFED "corral", the issues transcend local and regional interests, and that this is the moment for decisions. The decision making process will require informal talking and bargaining, cross cutting communication and consensus building. He urged the parties to follow through on discussions between the Governor and him by focusing on the "Selecting a Preferred Alternative" or framework document.

Assemblywoman Dion Aroner (D - Berkeley) was the next official to address BDAC. She stressed that water conservation, including water recycling, should be the first CALFED priority. She suggested that the costs of new facilities be compared to the costs of conservation and recycling. She also called for maintenance and enhancement of water quality by increasing fresh water in the Delta, restoring the ecosystem and preventing pollution. She announced that she introduced urgency legislation to call for a public vote on the isolated conveyance facility if it is part of the CALFED preferred alternative, and to involve the legislature in developing plans for the facility if the public supports it. In response to a question from BDAC member Tom Graff, she clarified that the legislation, if passed, would allow the legislature to share the decision on the isolated facility with the administration.

Announcements

Vice Chair McPeak announced that Senator Johannessen, Chair of the CALFED oversight committee, is requesting BDAC members to testify before the committee. She asked for about twelve BDAC members to volunteer to attend the hearing on August 5. The date and time for the hearing would be confirmed later. She also announced that Mike Kahoe from the Governor's office will appear before BDAC the following day to discuss the June 28, 1998 letter from the Governor to Congressional Representative Newt Gingrich.

Themes from Public Comments

Steve Ritchie, CALFED Bay-Delta Program Chief Deputy Director, informed BDAC that CALFED had received 1,500 letters, thousands of postcards and about 20,000 comments. Major themes include much support and opposition to a strong water conservation program, support and opposition to new storage and conveyance facilities, concern about the future of agriculture and how it will be affected by ecosystem restoration, the need to resolve area of origin issues and to maintain existing water rights, and broad support for the concept that beneficiaries pay for the Program, but many questions about how a beneficiary would be defined.

Discussion

BDAC members Martha Davis, Roberta Borgonovo, Judith Redmond, and Vice Chair McPeak discussed with Mr. Ritchie the process to be used by the CALFED Program for responding to comments and the substantive issues raised in those comments. It was requested that BDAC receive a list of the substantive issues and how they will be addressed in the draft final EIS/EIR. It was requested that Program staff share some of the responses to comments with BDAC at its September 1998 meeting.

2. Further Discussion of "Selecting a Preferred Alternative" document and Stage I Actions (Stein Buer)

Stein Buer provided BDAC with an overview of the draft "Developing a Draft Preferred Program Alternative" included in the BDAC meeting packet. He reminded BDAC that the paper is a work in progress and will be changed every two weeks or so. He also informed BDAC of major

changes since June, including a strategy to ensure the through Delta conveyance is optimized, that storage will likely be part of the preferred alternative, the Ecosystem Restoration program actions will focus on meeting restoration goals, and that Stage 1 will be defined as a seven year stage.

Discussion Points

- BDAC members Alex Hildebrand, Richard Izmirian, Ms. Borgonovo exchanged views with Stein Buer and Steve Ritchie and commented on options for ensuring adequate water supply for beneficial uses. It was suggested that water demand projections for agriculture, urban users and the environment were needed. With respect to agriculture, the effects of reduced water supplies on operations and the world food supply should be considered. In addition, capturing flood flows is needed to ensure adequate supplies for agriculture. It was suggested that hydrological economic analyses should demonstrate the relationships between storage, water use efficiency and storage. Demand projections and conservation projects in Bulletin 160 may be over and understated, respectively. In addition, staged decision-making is needed to deal with future uncertainties.

With respect to water use efficiency, clearly defined performance standards are needed to quantify savings from conservation. In addition, adequate and quantifiable savings from conservation should be linked to storage. It was suggested that different water users have different definitions of water use efficiency and that the Water Use Efficiency program should require implementation of efficiency actions, rather than just development of plans.

- Ms. Davis and BDAC members David Guy and Pietro Parravano joined the discussion. Questions were raised regarding the new definition of Stage 1. It was suggested that meeting certain milestones be required in Stage 1, before progressing to Stage 2. The definition of "recovery" (used, for example, in section 2. a.) was requested, and the ability to achieve recovery of fisheries and define the appropriate triggers in Stage 1 was questioned. Requests were made to optimize the storage component, explain why water marketing was required prior to optimizing surface storage, to continue the link between conjunctive use and surface storage, and to provide a new conjunctive use document being developed by CALFED staff. It was suggested that linkages could be strengthened by including regional interests and that adequate water was needed for healthy fisheries which feed many people. Comments regarding the no-action alternative focused on the uncertainty of knowing the effects of current and future actions on fisheries and the need to include water use efficiency actions to save water for future uses.
- BDAC member Steve Hall discussed important factors that would weigh in on the decision on the isolated conveyance with Stein Buer and Patrick Wright (Environmental Protection Agency and federal agency representative). With respect to water quality, it was suggested that EPA report to BDAC on the types of outcomes which are expected from its negotiated

rulemaking process on the effects of disinfectant by-products. With respect to diversion effects on fisheries, questions which should be answered include whether the report (see related agenda item on July 17) should be used to frame needed discussions and whether linkage to the isolated facility is appropriate. Mr. Hall asked whether the purpose of Stage 1 is to stabilize fisheries and water quality conditions or to determine the need for the isolated conveyance. It was suggested that assurances will help address all of those issues. Assurances are needed to ensure that water supplies will not be degraded and assurances for all parts of the Program should be included in the Stage 1 actions.

- Vice Chair McPeak and BDAC member Mike Stearns provided concluding remarks. BDAC was asked how it would reach consensus or help CALFED address the issues raised during the discussion. It was suggested that extension of the Bay-Delta Accord was needed and that water supplies should either be maintained, at a minimum, or increased to some degree.

3. Public Comment

Kathleen McKenney, aide to Oakland City Councilwoman Nancy Nadel, expressed opposition to raising Los Vaqueros Reservoir, asked that research on invasive species by Dr. Andrew Cohen be used by CALFED, and that CALFED consider effects of its program on hydro electrical energy generation.

Jeff Ohmart (Municipal Water District of Orange County) informed BDAC in his oral and written comments that the District's drinking water quality and water supply reliability needs must be considered. He stated that an isolated facility is needed to ensure a higher source water quality, that the Stage 1 plan does not meet his district's need, and that the actions need to show a stronger link between the Ecosystem Restoration program and the other programs. He supported water use efficiency for the environment, as well as for urban and agricultural uses and asked for state and federal funding to implement urban Best Management Practices (BMP's) and recycling programs. He also said his district will be analyzing the costs of the Program and comparing them to the benefits.

In response to the comments, Ms. Davis, Mr. Graff, Ms. Borgonovo, Mr. Hall and BDAC member Byron Buck iterated that higher quality water than what is expected from the CALFED water quality program is needed for recycling, that the Assurances Work Group should have a discussion on linkages between programs, that additional discussions are needed on water quality source control, bromides and the goals of the Ecosystem Restoration Program.

Jason Peltier (Central Valley Project Contractors) provided three general comments on the Stage 1 implementation plan. He said that a finance package is essential, that operating rules developed in Stage 1 may be able to provide "soft path water supply improvements", and that greater integration and coordination between CVPIA and CALFED sponsored ecosystem restoration will be needed in Stage 1.

Interjected between public comment statements was a discussion between Mr. Hall, Mr. Graff and Patrick Wright on the June 28, 1998 letter from Governor Pete Wilson to House Speaker Newt Gingrich. Mr. Graff stated the Environmental Water Caucus (EWC) is distressed by the letter because it urges immediate authorization of funds for storage projects that have not been adequately discussed by stakeholders, and may prejudice the selection of the preferred alternative. He also stated that request must be considered in light of reduced appropriations for CVPIA and the CALFED Program. Mr. Hall and Mr. Wright stated that the Governor should have consulted with stakeholders prior to submitting the letter but countered Mr. Graff by explaining that the appropriations are needed to do the planning called for in Stage 1 and to help ensure the CALFED Program succeeds.

4. Lunchtime Presentation on "Delta Levee Seismic Vulnerability" (Raymond Seed, Professor of Geotechnical Engineering, U.C. Berkeley)

Both a slide presentation and discussion explained the issues surrounding the topic.

5. Chair's Report, Continued (Sunne McPeak)

Remarks from Elected Officials

Assemblymember Don Perata (D - Alameda) commented that the isolated facility was not a good strategy to pursue for conveyance, Californians are not conserving and recycling enough water, and improved water management and preservation of the environment are needed. He warned that the consequences of not heeding his advice would be more legal battles.

6. Panel on Perspectives of the Local and Statewide Business Community on CALFED (Sunne McPeak, Moderator)

Vice Chair McPeak introduced the panel members and moderated the panel discussion.

Robert DiPrimio (President, Valencia Water District) is concerned about having enough water for urban growth and to ensure the quality of life. To assure adequate water supplies, water transfers, marketing and new storage are needed. Water quality must also be maintained.

Fred Furlong, representing the Bay Area Council, advised that people should focus more on the benefits of water transfers rather than the problems. Water markets will not solve issues such as wheeling through conveyance facilities, preserving the environment and quality of life, and preserving water rights. He asserted a water transfers clearinghouse may be needed and that the CALFED water transfers program can draw from the strengths of the market concept.

Robin Brack (Chair, Water Task Force of the Silicon Valley Manufacturing Group) stressed that industry needs clean and reliable water supplies to lower costs of treatment and overhead. She also informed BDAC that the business community supports ecosystem restoration and is concerned about the effects of trihalomethanes and bromide disinfectant by-products on public health.

Steve Tedesco (San Jose Silicon Valley Chamber of Commerce) stated that 50 percent of the local businesses depend on water from the Bay-Delta. He claimed that water demand will increase over the next 20 years due to growth in the economy and that part of the demand will be addressed through conservation. He also explained that the environment and high quality of life in the Bay Area is important to draw businesses and workers; therefore, Silicon Valley businesses are ready to support a CALFED solution that addresses those issues. He claimed that some companies have chosen not to remain or locate in the Silicon Valley because a stable water supply could not be assured.

Wayne Whitlock (Partner, Pillsbury, Madison and Sutro) stated that Silicon Valley businesses are looking for returns on their investments in improving water quality and water supply reliability. He proposed that assurances be developed to ensure that land use laws and regulations ensure adequate water supply and quality. He supported a Program that assures meeting all of the CALFED goals.

Discussion Points

- Mr. Strelow called for more aggressive support for water transfers and the proposed clearinghouse. Mr. Buck and Mr Furlong discussed the need for improving the water transfers infrastructure.
- Mr. Hildebrand and Mr Guy suggested that improving water supply reliability for urban areas would adversely affect agriculture. Mr. Tedesco and Mr. Furlong responded by suggesting that the public should be educated on ways to use water conservation as a tool for expanding economies, that in a water market water will go to the most valuable uses, and that issues such as maintaining water rights and maintaining as sense of community in agricultural areas is being addressed in CALFED forums. BDAC member Thomas Decker suggested that the business community can help provide statistical data and analysis and work with the agricultural community to find an acceptable solution.
- In response to a request from Vice Chair McPeak the Panel provided advice to BDAC. Mr. Whitlock reminded the group that the CALFED mission has multiple goals. Mr. Tedesco urged that the solution be identified quickly and to make sure the business community understands what the solution is. Ms. Brack pointed out that most of the business community is focused on water quality and San Francisco Bay area housing and transportation issues. Mr. DiPrimio agreed that a solution must be identified to get the attention of the business community. Mr. Furlong added that educating the public on CALFED issues is difficult because the issues are so technical.
- Mr. Graff, Ms. Redmond, and Mr. Buck further discussed water rights and third party impacts with Mr. Furlong and Mr. Tedesco. Water transfers raise the issues of securing water rights and of uncertainty caused by the lack of water rights. The issue is complicated by the concept

of buying and selling water, which is foreign to most people. Disagreement was expressed over whether third party impacts reduced the potential water market. It was pointed out that the market is less flexible now than it was during the last drought due to court decisions and local ordinances.

- BDAC member Rosemary Kamei concluded the discussion by referring to the letter from the Santa Clara Valley Water District (provided at the meeting) which presented the District's key interests in ecosystem restoration, water quality, environmental water quality, conservation/recycling, water supply reliability and the CALFED preferred alternative. In addition to stating that the District is looking for a balanced solution, Ms. Kamei thanked the panel.

7. Financing the CALFED Program: Putting the Principles into Action (Eric Hasseltine, Steve Ritchie)

Mr. Hasseltine summarized the Finance Work Group progress to date. He reviewed the financial principles which the group is discussing including details on a benefits based approach, splitting costs between the general public and water users, water user charges, water users ability to pay, crediting of existing payments toward CALFED actions, and methods for allocating costs among water users.

Mr. Ritchie introduced initial concepts for allocating ecosystem restoration, levee and storage Stage 1 costs. He explained that a major financial issue with the ecosystem restoration program is determining whether the water user share should be increased before Proposition 204 funds are exhausted. Major policy issues with levees and storage are determining whether the proposed allocation formulas are appropriate.

Discussion Points

- David Yardas, Environmental Defense Fund, began discussion by explaining the problems with taking a benefits based approach for financing the Program. Speaking for EWC, he feared that the approach would encourage replacement of water user funds with public funds and that the approach would ignore past over-commitments of water. He questioned the possible use of public funds for the portion of new storage which would provide environmental water. That approach appears to be inconsistent with the proposed policy that storage facilities would be financed by water users. He asked for a clear explanation of Stage 1 tasks focused on planning and design of facilities and suggested that without specific written requirements, public funds used for planning and design would never be reimbursed by water users. He stated the Governor's June 28 letter requests funding for environmental compliance, land acquisition and construction, in addition to planning and design.
- Mr. Buck and Mr. Hildebrand responded to Mr. Yardas. It was explained, the benefits based approach would address financing of the common programs so that all interests benefit from the Program. The baseline approach proposed by the EWC would lead to unproductive

discussions focusing on who to blame. It was suggested that the financing mechanism should be simple so that it can be easily understood by the public. It was further explained that additional storage provides flood control, an additional public benefit, and that offstream and subsurface storage will create an energy demand that will have to be covered in the operations and maintenance budget.

- Mr. Graff, Ms. Davis, Mr. Hasseltine, Mr. Buck, and Vice Chair McPeak continued discussion. It was suggested that other caucuses follow the EWC in explaining their positions in writing. It was also stated that the Environmental Defense Fund is opposed to public funding of new storage or conveyance facilities. The proposal in the No Action Alternative to export an additional 1.2 MAF of water from the Delta was questioned. The Draft EIS/R does not explain where the water will come from and how it will be financed. It was also mentioned that water quality standards will continue to limit exports.
- Ms. Davis, Mr. Yardas, Mr. Hildebrand, Ms. Notthoff, Vice Chair McPeak and Lester Snow wrapped up the discussion. The environmental community was asked to explain its baseline approach. An accounting of past expenditures, impacts of past diversions and identification of a stable baseline, (in terms of environmental quality and water flows). Without the accounting, impacts of past diversions will be ignored. Future financing plans must include all costs of diversions and the data gathered during a baseline analysis could be used to assess benefits and costs, including environmental costs, of storage facilities, water diversions, and exotic species. It was mentioned that the alternatives include a range of storage, starting at zero, but the draft framework document (reviewed in the morning) assumes storage will be included in the draft alternative. The preceding discussion and discussions between the Governor and Secretary Babbitt illustrated the need for a balanced financing package and, by the end of 1998, an effective draft preferred alternative.

8. Update on Ecosystem Restoration Program and Status of Indicators Development (Dick Daniel)

Dick Daniel (CALFED Program staff) provided a status report on the ERP. He explained the coordination currently underway between the ERP, Conservation Strategy and Restoration Coordination program, reviewed the parts of the ERP, and provided examples of possible ecological indicators of success.

Discussion

Mr. Izmirian and Vice Chair McPeak questioned the types of proposed indicators. It was mentioned that there were few indicators that would measure increases in fish populations and that many indicators appeared to be inputs, such as miles or acres of restored habitat. Mr. Daniel explained that a variety of indicators are proposed including management indicators and landscape indicators. It was requested that a further update and explanation of ERP targets and indicators be scheduled for the September 1998 BDAC agenda.

Mr. Hildebrand, Ms. Borgonovo and Mr. Daniel concluded the discussion by mentioning that exotic species have contributed to loss of habitat and that the Ecosystem Restoration Work Group will continue its discussions on how restoration goals will be pursued. It was explained that the Program's approach is to 1) protect existing habitat, 2) restore degraded habitat, and 3) create new habitat.

9. Public Comment

Amy Fowler (Santa Clara Valley Water District) explained that the District's mission is to provide an adequate water supply of adequate quality. It wants the option of an isolated facility preserved. Its long term view of addressing water quality needs requires the District to invest in water treatment technologies that will help the District plan for more than seven years.

Ronnie Cohen (Natural Resources Defense Council) called for three areas of improvement to the "Selecting the Preferred Alternative" draft. Full implementation and enforcement of urban water conservation BMP's should be considered the minimum requirements of the CALFED Water Use Efficiency (WUE) program. CALFED should encourage conservation efforts that go beyond the BMP's. The WUE planning program needs performance standards, universal measurement of water use and volumetric pricing. Additional subsidized storage is unacceptable. She also asked how responses to comments on the draft EIR/S would be used to change the document. Mr. Graff pointed out that Ms. Cohen conducted the EWC review of the draft EIR/S and urged a response to the EWC comments.

Conner Everts (POWER) urged a soft path approach for the draft preferred alternative. He wants to see a CALFED investment in water conservation and asked whether the saved water would be used by those who conserve or would it be used to deal with increased demand. He also explained that some agencies will need financial assistance to implement WUE programs and that POWER will be publishing a document on conservation.

Randy Kanouse (East Bay Municipal Utility District) stated that his district supports phased implementation, is committed to a Program financing plan, has doubled its conservation budget, and is working with CALFED to protect its Mokelumne River fish restoration program. The District is also involved in a legislative effort to strengthen planning for adequate water supplies for new development. He also informed BDAC that the District is consuming the same amount of water it consumed in 1968 and that discussions on the water bond should occur in the broader stakeholder community.

Mr. Hildebrand, Ms. Notthoff, Mr. Graff, Ms. Borgonovo, and Vice Chair McPeak discussed with Mr. Kanouse the District's water planning efforts. Although the District does not expect to take additional water from the Delta, it does expect to pursue its diversion of American River water during dry years. The District expects to continue with its tiered pricing structure, even though its top tier was eliminated by the Board. The District needs the continued vigilance of the environmental community to continue a strong conservation program.

Don King (Natural Heritage Institute) expressed concern about setting performance standards and identifying indicators before agreeing to goals. He called for development of quantifiable objectives in the ERP and other CALFED Programs, and for development of conceptual models and testable hypotheses.

Jenna Olson (Environmental Water Caucus) stated the Caucus is committed to make CALFED work. She explained that an off stream storage reservoir will destroy offstream ecosystems and praised EBMUD for its water conservation and tiered pricing programs.

Hal Candee (Natural Resources Defense Council) opined that the Governor's June 28 letter was an end run around the CALFED process. He expressed concern with assumptions made about exports and impacts to endangered species in the No Action Alternative and explained that operation of Friant Dam has to be consistent with the California Environmental Quality Act, Endangered Species Act, and the Fish and Game Code. He also expressed concern with the limited amount of time available to respond to comments.

Barry Nelson (Save the Bay) called for thoughtful discussion on determining the assumptions for the baseline and the issues related to financing the CALFED Program. He is concerned that the agriculture community's inability to pay for additional water may severely limit the number of beneficiaries and therefore significantly affect the proposed financing approach. He also expressed concern for environmental impacts from an additional 1.2 MAF of diversions called for in the No Action Alternative.

Vice Chair McPeak, Mr. Ritchie, Mr. Buck and Mr. Hildebrand concluded the day's discussions. It was suggested that BDAC provide advice to CALFED on changing the draft EIS/RS, and the request to review the Program's response to major comments was reiterated. BDAC was reminded that the draft preferred alternative issued in December may likely change in the final document. Using the adaptive management approach for addressing drinking water issues was suggested. BDAC was informed that California Urban Water Agencies (CUWA) and EWC have a basic agreement on conservation measures but final approval from CUWA is pending. CALFED was asked to resolve differences between the EWC and CUWA packages and to incorporate the final result into the WUE program. Urban water districts need better dry year reliability, water quality and should be aware that some pricing approaches can drive the price of water over what it costs to deliver the water. The No Action Alternative includes water demand projections that are consistent with current permitted water rights. Urban dry year water demands may require voluntary retirement of agricultural land.

The meeting adjourned at 6:00 pm.

A public reception, hosted by EWC and EBMUD, was attended by BDAC members, CALFED staff, hosts and invited guests.

FRIDAY, JULY 17

1. Chair's Report, continued (Sunne McPeak)

Vice Chair McPeak re-convened the meeting at 8:45 am and announced that the draft "Selecting a Preferred Alternative" paper will undergo two revisions prior to the next BDAC meeting. Attachment B will be incorporated into the main document, the Work Groups and private caucuses were asked to provide changes that would propose the least impact on the environment, include the most efficient water management practices, and to address as many concerns as possible. Mr. Hildebrand also suggested that staff incorporate the consensus items and identify areas of disagreement. Lester Snow asked BDAC to provide comments on the current draft by the end of the day or to comment on the July 24, 1998 version.

2. Report of Expert Panel on the Effects of Delta Diversions on Delta Fisheries (Ron Ott, Pete Chadwick)

Ron Ott (CALFED Staff Consultant) began the presentation by providing an overview of the issues faced by the Diversion Effects on Fisheries Team (DEFT) and the related draft report in the BDAC packet. He reviewed the policy questions, assumptions and limitations, explained the impact matrix and that the summary of benefits and detriments for each alternative is compared to the effects of the No Action Alternative.

Pete Chadwick (California Department of Fish and Game) explained the next steps. Actions in rivers upstream of the Delta will be evaluated to determine possible effects on salmon and striped bass populations. Local peer review will be conducted by agencies and the American Fisheries Society. The Team will optimize the structure and operation of the alternatives to maximize benefits and minimize impacts to fish and water quality. They will also determine the risk and relative success of the through Delta and dual conveyance alternatives. They will consider upstream Common Program actions and help develop specific Stage 1 actions.

Discussion Points

- Ms. Borgonovo, Ms. Notthoff, BDAC member Pietro Parravano, Mr. Hildebrand and Mr. Izmirian clarified with Mr. Chadwick the information that would be reviewed. Changes in operations and the physical structure of Alternative Two may be considered by the Team. Recovery plans for Sacramento River salmon and CALFED proposed actions for the salmon will be integrated into the analysis, as will impacts on zooplankton. The studied changes can be shared with individual BDAC members.
- Ms. Davis, Ryan Broddrick (State Agency Representative to BDAC), and Mr. Chadwick concluded the discussion. It was disclosed that CVPIA requirements which have been agreed to and are being implemented will be included in the Team's modeling. Also, changes will be made in how scientific uncertainties will be addressed. It was mentioned that results of recovery plans and other actions are uncertain so that an adaptive management approach to

determine effects of the plans in the first seven years and the full 30 years of implementation will be necessary. It is likely projections will take the form of probabilities of success rather than absolute predictions.

Vice Chair McPeak acknowledged Mike Madigan's arrival and recognized him as Chair of BDAC.

2. Panels on the Health of the San Francisco Bay and Its Resources (Ann Notthoff, Moderator)

Ms. Notthoff provided opening remarks and introduced the first panel.

Elise Holland (The Bay Institute) explained that adaptive management allows scientists to test a hypothesis by taking an approach that could be changed in the future. She discussed the assumptions in and limitations of the DEFT team report which are explained in her written presentation provided at the meeting. She proposed that the CALFED challenge of maintaining and increasing fish populations, improving water quality and water supply reliability must be considered when determining how to optimize the Delta. She also stated that we needed a clearer assessment of the current situation before a final solution is adopted.

Ms. Hasseltine, Mr. Parravano and Mr. Buck discussed with Ms. Holland that improvements to agriculture and urban water supplies must be balanced with providing greater benefits for fish.

John Beuttler (Fishery Foundation of California) provided an overview of the contributions of the recreational fishing industry to California's economy. His oral and written presentation (provided at the meeting) explained that California ranks highest in angling days. Angling success directly affects future fishing effort and the dollars expended by anglers and related support industries.

Peggy Beckett (Half Moon Bay charter boat fishing business owner) explained how impacts on forage fish, such as San Francisco Bay herring, affect her industry's future. She urged BDAC and CALFED to determine the amount of water needed to sustain the Bay fish resources. She also stated that as human populations increase the demands for fish as food and recreational resources will increase.

Earl Carpenter (Bodega Bay Fishermen's Association) informed BDAC that the future of commercial fishing in California is tenuous. There are signs that the situation for salmon may be improving, such as the operation of the Merced Irrigation District fish hatchery and improvements to water flows in Butte Creek.

Zeke Grader (Pacific Coast Federation of Fishermen's Associations) called for a fishing industry representative on DEFT. He explained that the economic effects of declines in salmon

populations have been horrendous. He explained that despite long term management of the offshore salmon fishery fish populations have declined due to diversions and other water facility operations. He proposed several changes in the CALFED approach, including assurances for maintaining fish populations during dry years, doubling of fish populations (as called for in the CVPIA), addressing current water needs before water is provided for future water demand, removal of more water facilities, and providing more water releases from Friant Dam. He also mentioned that some actions in the No Action Alternative are currently taking place.

Chair's Report (continued)

The panel was interrupted to accommodate further discussion on the Governor's June 28, 1998 letter.

Mike Kahoe (Governor's office) explained that the purpose of the letter was to maintain the momentum on water related decisions, including those related to the Colorado River, CVP flood management, and Owens Lake. He said the water bond negotiations are the first major investment in the common programs (other than the ERP) and represents a base level investment for interim assurances for flood control, the VAMP, water transfers, environmental feasibility studies for storage, and a state match for the ERP.

Mr. Graff, Mr. Hildebrand and Vice Chair McPeak discussed the timing and intent of the letter with Mr. Kahoe. It was suggested that the letter prejudices decisions on the facilities. Funding for conveyance and storage facilities includes permitting and land acquisitions, in addition to feasibility studies. The letter also omits any mention of cost sharing by water users and proposed funding for land acquisition is not well coordinated with flood control plans. Concern was expressed for the Governor's request to acquire land for the Madera Ranch conjunctive use project and to study increasing the size of Shasta Lake. It was explained that acquisition of lands for Madera Ranch will be contingent on acceptance by willing buyers and sellers. It was also explained that public money is needed for feasibility studies, but that those funds would be reimbursed later by water users. Funding from multiple sources is needed and the administration is willing to consider funding feasibility studies for projects other than Shasta expansion and the Madera Ranch project.

The funds should not displace funds authorized in the Bay-Delta Security Act, however, financing of other CALFED programs may be re-prioritized. It was also mentioned that the letter should be interpreted as a good faith effort toward financing the Program but that requested funds should not supplant previously committed funds.

Public Comment

Barry Nelson (Save the Bay) asked the Governor to retract his letter. He questioned whether CALFED could go forward without a surface storage project in Stage 2 given the proposed level of investment. He also warned that discussions on the state budget, federal budget and water bond proposals are diverting EWC resources away from its CALFED related work.

2. Panels on the Health of the San Francisco Bay and its Resources (continued)

Craig Breon (environmental advocate, Santa Clara Valley Audubon Society) kicked off the second and third panels. His oral and written presentations highlighted water management efforts in the Santa Clara Valley as examples of how to provide for urban and agriculture water needs. The Santa Clara Valley Water District convened a group of stakeholders to develop an Integrated Water Resource Plan which relies on water banking, recycled water, demand management and long-term transfers. The District's adoption of the Plan has helped keep water use over the last 10 years fairly static. He also mentioned that CALFED should use the nonpoint source NPDES permit mechanism to accomplish much of its water quality goals.

Nancy Shaeffer (San Francisco Bay Joint Venture) provided written materials and oral testimony which explained the need for the San Francisco Bay Joint Venture Wetlands Restoration Program and the areas to be restored. The goal of the program is to restore 60,000 acres of tidal marsh in the Bay.

Sam Luoma (United States Geological Survey) discussed the ecological links between San Francisco Bay and the Sacramento-San Joaquin River Delta in his oral and written presentations. The systems are connected by water flows, carbon, movement of animals and water quality. For example, water from the Delta affects Bay salinity levels, the South Bay is flushed by high flows from the Delta, water and sediment migrate upstream, fish production is linked to carbon production in the rivers, and selenium affects the health of the entire Bay. He suggested that excluding the Bay in the ERP may be short sighted because the Bay-Delta system is not fully understood.

Peter Gleick (Pacific Institute for Studies in Development, Environment and Security) summarized results from the Institute's assessment of the WUE program in his oral presentation and written materials. He explained that estimates of potential conservation options are important to provide a full and accurate account of the potential for demand management. He also reviewed major methodological problems and implementation issues. He called for improving the urban BMP's, increased agency enforcement of measures, and revising estimates of water saved from water conservation approaches.

Discussion Points

- Vice Chair McPeak, Mr. Buck, Mr. Hildebrand and Lester Snow discussed points raised by Mr. Gleick. It was acknowledged that many current and future conservation efforts are and will be implemented by local agencies. Additional concern was expressed with demand projections in the Department of Water Resources Bulletin 160. It is possible that the urban BMP's will be less effective than assumed in the Bulletin because economic factors may limit the ability to implement the measures. On the other hand, water districts should look to the energy industry as an example of how to reduce demand and avoid building new facilities. It was suggested that the Bulletin 160 projections are less important to CALFED because its

mission is limited to addressing problems in the Bay-Delta and the preferred alternative is insensitive to future demand. An important goal is to maximize efficiency; addressing all of California's water problems is not a CALFED priority. It can be assumed all demand projections are wrong, but those projections can be used to assess impacts of different levels of demand.

- Mr. Hildebrand and Mr. Luoma discussed that modifications to the San Mateo Bridge may or may not improve circulation in South San Francisco Bay.
- Mr. Buck and Mr. Broddrick discussed with Mr. Grader the needs to assess fishing trends over time rather than limiting assessments to individual years. The trends show that high water flows trigger increased fish populations and that fishing power has decreased over time. The comments from the commercial and recreational fishing industries demonstrate the need to balance competing needs for water and restoration of wetlands.
- Ms. Notthoff, Mr. Hildebrand, Mr. Luoma and Lester Snow further discussed the linkages between the Bay and Delta. Fresh water flows from the Delta are important for maintaining the health of the Bay and carbon losses are caused by reductions in marsh land. Restoration Coordination funds can be used to restore the Bay as long as project proposal descriptions demonstrate a connection between the project goals and improvement to the Delta.
- Ms. Davis and Ms. Borgonovo discussed the need to craft an interim plan and preferred alternative that incorporate the perspectives expressed by the panels. It is also necessary to understand the definition of the problem, agree on the baseline, know the goal, and how problems will be addressed. The issues need to be understood and addressed untangled prior to completion of the EIS/R.

3. Public Comment

Peter Grenell (San Mateo Harbor District) explained that improvements to Bay-Delta fisheries will have a direct effect on operation and financial well-being of Half Moon Bay harbor.

Michael Warburton (citizen) commented that impacts on fisheries affects the public trust interests in fish and wildlife. He called for a CALFED assessment of the impacts on the public trust.

The meeting was adjourned at 1:00 pm.